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PLEASE REPLY TO NEW JERSEY OFFICE

October 27, 2010

VIA ECF

Hon. Michael A. Shipp, U.S.M.J.
District of New Jersey
Martin Luther King, Jr. Federal Building & U.S. Courthouse
50 Walnut Street
Newark, New Jersey 07101

RE: Renaissance Carpet and Tapestries, Inc. v. S&H Rugs, Inc. et al. Civil Action No. 09-CV-00632 (SRC-MAS)

Dear Judge Shipp:

We represent Defendants S&H Rugs, Inc. and Ori Wilbush in the abovereferenced matter. We write to provide you with a second status update on our progress regarding discovery and document production.

In reference to the discovery conference held before you on October 14, 2010, and the various issues discussed, we have continued to work diligently. As your Honor will recall, opposing counsel alleged that our client had deleted images from his computer and demanded that the same be produced. We have done so, producing all of the approximately 55,000 images of carpets he had available on his computer system. We have also completed the production related to other discovery issues we discussed at our conference, except for the e-mails.

The final issue that remains is the production of the e-mails from our client. We have collected a large number of e-mails from the client and they must now be reviewed by us. An initial review of some of the e-mails indicates that there is not much likelihood of finding significant additional information that is discoverable. The

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e-mails also contain many duplicates, some privileged material, and much more that is confidential and proprietary. Assuming that the duplication rate is 50%, it will likely take an additional two or three weeks to complete the review. We will also likely require time to prepare a privilege log.

We will complete this review as fast as possible, produce any e-mails in any way relevant to the disputed Savonneire or Aubusson carpets, produce a privilege log to opposing counsel, and then produce a certification.

Very truly yours,

Jay R. McDaniel

CC: Ronald Meister, Esq. (via ECF and Facsimile)
Ori Wilbush (via email)